

1 DATE: July 29, 2008
2
3 TIME: 5:39 PM
4
5 WIRETAP: OVER 917-907-2350
6
7 CALL FROM: RAJAT GUPTA (203-977-6701)
8
9 CALL TO: RAJ RAJARATNAM (917-907-2350)
10
11 OTHER
12 PARTICIPANTS: RENEE GOMES
13
14 KEY: Unintelligible: UI
15 Inaudible: IA
16 Phonetic Spelling: PH
17 Voice Overlap: //
18

19
20 RAJ RAJARATNAM: Hello?
21
22 RENEE GOMES: Raj?
23
24 RAJ RAJARATNAM: Yep.
25
26 RENEE GOMES: Hi. It's Renee.
27
28 RAJ RAJARATNAM: Hi Renee. How are you?
29
30 RENEE GOMES: I'm good. How are you?
31
32 RAJ RAJARATNAM: I'm good. Thanks.
33
34 RENEE GOMES: Good. Good. I have Rajat. Are you available to talk to him now?
35 Or...
36
37 RAJ RAJARATNAM: Absolutely
38
39 RENEE GOMES: OK. One moment.
40
41 RAJ RAJARATNAM: (Clears throat)
42
43 RAJAT GUPTA: Hey, Raj. How is working from Connecticut?



1
2 RAJ RAJARATNAM: It's good. I get more work done because people don't... See I have
3 an open door, open (clears throat) office policy, right?
4
5 RAJAT GUPTA: Right. Right. Right.
6
7 RAJ RAJARATNAM: Because you have to keep the culture so that people can come to
8 you anytime.
9
10 RAJAT GUPTA: Yeah. Yeah.
11
12 RAJ RAJARATNAM: But then, what happens you're not as productive as you are.
13
14 RAJAT GUPTA: Yeah.
15
16 RAJ RAJARATNAM: When you are... Um, I called you because I am meeting with Gary
17 Cohn on Thursday.
18
19 RAJAT GUPTA: Yeah.
20
21 RAJ RAJARATNAM: And there's a rumor, that Goldman might look to buy a
22 commercial bank.
23
24 RAJAT GUPTA: Uh-hum.
25
26 RAJ RAJARATNAM: You know? And you know this guy Bob Steele, who was a senior
27 guy at Goldman was under Secretary
28
29 RAJAT GUPTA: (UI) Yeah. At Wachovia.
30
31 RAJ RAJARATNAM: ...at Paulson and went to Wachovia and they have a large demand,
32 I mean deposit base and all that.
33
34 RAJAT GUPTA: Yeah.
35
36 RAJ RAJARATNAM: Have you heard anything along that line?
37
38 RAJAT GUPTA: Yeah. This was a big discussion at the board meeting.
39
40 RAJ RAJARATNAM: Uh-hum.
41
42 RAJAT GUPTA: Uh, on whether we, uh...
43

1 RAJ RAJARATNAM: Buy a commercial bank?
2
3 RAJAT GUPTA: Buy a commercial bank. And, you know it was a uh, divided
4 discussion in the board.
5
6 RAJ RAJARATNAM: Uh-hum.
7
8 RAJAT GUPTA: I think more people saying why, because in essence it's a low
9 return business and while yeah it may be interesting to develop a
10 deposit base which is a low cost source of funding.
11
12 RAJ RAJARATNAM: Right.
13
14 RAJAT GUPTA: Uh, you know, what we should probably explore more is, I mean,
15 we aren't having trouble funding ourselves but, you know we
16 should explore more global sources of funding. And perhaps even
17 you know uh, insurance or other things which also are a low uh,
18 cost, also.
19
20 RAJ RAJARATNAM: Return business
21
22 RAJAT GUPTA: Now, having said all this...
23
24 RAJ RAJARATNAM: Right.
25
26 RAJAT GUPTA: ...they are an opportunistic group, so...
27
28 RAJ RAJARATNAM: Okay
29
30 RAJAT GUPTA: If Wachovia was a good deal and they, you know, it's quite
31 conceivable they'd come and say let's go buy Wachovia.
32
33 RAJ RAJARATNAM: Or even AIG, right?
34
35 RAJAT GUPTA: Or even AIG. Yeah.
36
37 RAJ RAJARATNAM: Uh-hum.
38
39 RAJAT GUPTA: A, AIG, it was definitely on, in, in, in, the discussion...
40
41 RAJ RAJARATNAM: Uh-hum.
42
43 RAJAT GUPTA: ...mix. Um, and you know, their view was actually, which has

1 proven to be wrong, their view was very bearish on the
2 commercial banks, but uh obviously, the commercial banks have
3 had a pop in the last.
4
5 RAJ RAJARATNAM: Yes. That's maybe, just a dead cat bounce or a...
6
7 RAJAT GUPTA: //Yeah it could be that. I mean, because their view of credit losses
8 and all that is still more to come, credit cards, retail. You know?
9
10 RAJ RAJARATNAM: Right.
11
12 RAJAT GUPTA: But, but you now sometimes all that gets factored into the market,
13 as you know better than I do and...
14
15 RAJ RAJARATNAM: O.K.
16
17 RAJAT GUPTA: Uh, so, I would be extremely surprised if uh...
18
19 RAJ RAJARATNAM: There was anything active.
20
21 RAJAT GUPTA: Anything imminent. Yeah.
22
23 RAJ RAJARATNAM: Right. O.K. That was one that I wanted to just, you know, see
24 whether there was any thoughts on that. Because it'd be a good
25 discussion point. I'm gonna start by saying how do you see the
26 future financial services firms, the winners, right?
27
28 RAJAT GUPTA: Yeah. Yeah.
29
30 RAJ RAJARATNAM: You know, can they just fund for short term? Too much paper or
31 do they need deposits and insurance and things like that.
32
33 RAJAT GUPTA: Yeah.
34
35 RAJ RAJARATNAM: Because there are some values out there.
36
37 RAJAT GUPTA: Yeah.
38
39 RAJ RAJARATNAM: AIG and Wachovia and see what he, you know says.
40
41 RAJAT GUPTA: Yeah. Yeah.
42
43 RAJ RAJARATNAM: O.K. And then uh...

1
2 RAJAT GUPTA: Good.
3
4 RAJ RAJARATNAM: George, I'm gonna be out in the office on Thursday.
5
6 RAJAT GUPTA: O.K.
7
8 RAJ RAJARATNAM: So, I'm gonna get George to just uh, write the balances, if you
9 want.
10
11 RAJAT GUPTA: Well, what I did is I, you know, uh, as we had agreed, I just did
12 the calculations for the (UI).
13
14 RAJ RAJARATNAM: Yes. (UI) Right
15
16 RAJAT GUPTA: (UI) you know...
17
18 RAJ RAJARATNAM: Yeah. So George will just certify that and (UI), send you uh...
19
20 RAJAT GUPTA: Yeah.
21
22 RAJ RAJARATNAM: I mean, I, I'll you know, I'll do it on my Galleon letterhead, (UI).
23
24 RAJAT GUPTA: Yes, yes and, let, let, let, let him update it to 30th of June if you
25 can, so, whatever it is. (UI).
26
27 RAJ RAJARATNAM: 30th June, it will be slightly down.
28
29 RAJAT GUPTA: Slightly down is fine.
30
31 RAJ RAJARATNAM: You know because of the uh,..
32
33 RAJAT GUPTA: Yeah. Cost of money. Yeah.
34
35 RAJ RAJARATNAM: Cost and all that so (UI)?
36
37 RAJAT GUPTA: Yeah. Yeah
38
39 RAJ RAJARATNAM: All right. Anything else? Anything interesting?
40
41 RAJAT GUPTA: No. No that's it. Otherwise you know uh, uh, I saw, (sighs) you
42 know, Anil, how, how is, I mean, he seems, seems a little
43 unsettled yesterday. I don't know.

1
2 RAJ RAJARATNAM: He seemed unhappy.
3
4 RAJAT GUPTA: Yeah.
5
6 RAJ RAJARATNAM: Because he did come to me and asked me, do you have deal with
7 Rajat on Galleon International.
8
9 RAJAT GUPTA: Yeah.
10
11 RAJ RAJARATNAM: And I just said, nothing concrete. I didn't want to get into with
12 him?
13
14 RAJAT GUPTA: Yeah. Yeah.
15
16 RAJ RAJARATNAM: I sort of dismissed it without getting him into it.
17
18 RAJAT GUPTA: Yeah.
19
20 RAJ RAJARATNAM: Because (coughs) I'm getting a feeling that he's trying to, just do a
21 mini, you know, be a mini Rajat, right?
22
23 RAJAT GUPTA: Yes. Yes.
24
25 RAJ RAJARATNAM: Without bringing anything new to the party, right?
26
27 RAJAT GUPTA: Yeah. Yeah.
28
29 RAJ RAJARATNAM: Because then he was trying to talk about whether he can
30 participate somehow in Galleon International and, you know at
31 some point, you know I'm also running a business with people
32 who work hard and uh...
33
34 RAJAT GUPTA: Yes.
35
36 RAJ RAJARATNAM: You don't need to be compensated and you know, you can't just
37 keep on giving, right?
38
39 RAJAT GUPTA: Yeah. Yeah. Yeah.
40
41 RAJ RAJARATNAM: And I, you know, honestly, Rajat, I'm, giving him a million
42 dollars a year for doing literally nothing. Just because...
43

1 RAJAT GUPTA: I know, you're being... I think you're being very generous.
2
3 RAJ RAJARATNAM: //Yeah, but you know I, sometimes...
4
5 RAJAT GUPTA: But he should sometimes say thank you for that, you know?
6
7 RAJ RAJARATNAM: Yeah but he's never ever, ever said, I mean, look he is my friend
8 so, take it with that spirit, right?
9
10 RAJAT GUPTA: Yeah. Yeah, I, I...
11
12 RAJ RAJARATNAM: But he just seemed uh, I don't know what, he just seemed, I don't
13 think he's, I mean that's why I asked you, uh, I've never seen him
14 laugh and be really happy, you know?
15
16 RAJAT GUPTA: Yeah, because...
17
18 RAJ RAJARATNAM: He is constantly, sche, not scheming is not the right word, but
19 constantly trying to figure out what other people's angles are.
20
21 RAJAT GUPTA: Right.
22
23 RAJ RAJARATNAM: And then he seems to know what everybody else is worth, you
24 know he leads with, "Oh, Sunil Mittal is worth 20 billion dollars",
25 you know, when he starts thinking like that...
26
27 RAJAT GUPTA: Yeah.
28
29 RAJ RAJARATNAM: You know, "and this guy he wants to make 500 million dollars
30 and...
31
32 RAJAT GUPTA: Yeah.
33
34 RAJ RAJARATNAM: And (UI) wants to make 300 million dollars, and this guy"...
35
36 RAJAT GUPTA: Yeah. Yeah. Yeah.
37
38 RAJ RAJARATNAM: And you know he was tell me Vin Gupta wants to make 100
39 million dollars on this deal and you now if you start thinking like
40 that.
41
42 RAJAT GUPTA: Yeah.
43

1 RAJ RAJARATNAM: It, you know, you build the business and the money will come,
2 you know?
3
4 RAJAT GUPTA: Yes. Yes. Yes.
5
6 RAJ RAJARATNAM: And..
7
8 RAJAT GUPTA: Add value and, and leave it to, you know I, I, I look at how hard
9 he was fighting for this two percent in NSR equity, I mean it was
10 just kind of, you know.
11
12 RAJ RAJARATNAM: You know without, without a leg to stand on. I mean, you know, I
13 think he (Coughs) everybody was doing it (Coughs) because they
14 were magnanimous good people.
15
16 RAJAT GUPTA: Look, his overall deal in NSR, as you was agreeing, it is a very
17 good, I mean, you know he gets 400 thousand in cash, ten million
18 in, in, you know.
19
20 RAJ RAJARATNAM: Carry.
21
22 RAJAT GUPTA: Carry.
23
24 RAJ RAJARATNAM: Uh-hum.
25
26 RAJAT GUPTA: And you know, six percent equity. I mean,
27
28 RAJ RAJARATNAM: Right. And I don't know, um, um, um, you know, I can argue that
29 I did more for NSR than he did.
30
31 RAJAT GUPTA: I, I, he, I... Absolutely right. Absolutely right. (UI).
32
33 RAJ RAJARATNAM: He, he, he coordinated the, he coordinated those uh, telephone
34 meetings, right?
35
36 RAJAT GUPTA: Yeah. Yeah. Yeah. Absolutely right.
37
38 RAJ RAJARATNAM: And that's about it, right?
39
40 RAJAT GUPTA: Yeah. Yeah. Yeah.
41
42 RAJ RAJARATNAM: I put in 50 million bucks, whatever..
43

1 RAJAT GUPTA: Yeah. Yeah.
2
3 RAJ RAJARATNAM: I went on the trips. Whatever, but..
4
5 RAJAT GUPTA: Yeah. Yeah. Yeah.
6
7 RAJ RAJARATNAM: And I, look, I'm happy with you know...
8
9 RAJAT GUPTA: You're happy. You're at a different place. You don't uh, I
10 understand
11
12 RAJ RAJARATNAM: Yeah. I mean, I'm happy with it, but you know there's a fairness,
13 right?
14
15 RAJAT GUPTA: Yeah.
16
17 RAJ RAJARATNAM: Now from, for the last three or four, I mean, four or five years I've
18 given him a million bucks a year, right?
19
20 RAJAT GUPTA: Yeah. Yeah.
21
22 RAJ RAJARATNAM: After taxes, off shore. cash.
23
24 RAJAT GUPTA: Yeah. Yeah.
25
26 RAJ RAJARATNAM: Right? And then he comes to me and he tells me, "You know,
27 moving to New York is going to be expensive and I'm only
28 moving to be with NSR and you guys and, you know is there
29 anything more we can expect?" And you know and it's like, I, I
30 and I felt, between you and I, I felt like he was putting a stake
31 through my...
32
33 RAJAT GUPTA: Yeah.
34
35 RAJ RAJARATNAM: ...you know stomach, because instead of saying thank you for
36 giving me 5 million dollars after taxes.
37
38 RAJAT GUPTA: Yeah, other, other thing is I don't understand why he doesn't ok
39 you mention it once, and if people want to do it, they will come. I
40 mean, like NSR thing, you mention it once, if people want to do
41 it, they will do it for you, otherwise, you just say O.K. You know.
42 Fine.
43

1 RAJ RAJARATNAM: No (UI) if he comes and does a big deal and he's instrumental in
2 orchestrating a deal and getting it done, right? People might say,
3 hey here is a bonus, you know?
4
5 RAJAT GUPTA: Yeah.
6
7 RAJ RAJARATNAM: So, I don't know.
8
9 RAJAT GUPTA: Yeah.
10
11 RAJ RAJARATNAM: But anyway, I think it would be fun to do this uh, (UI).
12
13 RAJAT GUPTA: It'll be fun to do this thing. I think (UI).
14
15 RAJ RAJARATNAM: But we'll uh, (Coughs) we'll, and keep your eyes and ears open if
16 you hear anything. Just anything that you think may be interesting
17 and I will uh, I will track him down and see what's in the market
18 and you know I'll bring that angle to it you know?
19
20 RAJAT GUPTA: Do, do you, do you have two more minutes?
21
22 RAJ RAJARATNAM: Yes. Of course.
23
24 RAJAT GUPTA: Uh, first I wanted to get your straight opinion on whether uh, uh, I
25 think, you think I should do this KKR thing, and second I want to
26 tell you about what I learned kind of maybe the deal he's gonna
27 offer me.
28
29 RAJ RAJARATNAM: Right.
30
31 RAJAT GUPTA: Which I want to bounce off you, if you, first I mean...
32
33 RAJ RAJARATNAM: (UI).
34
35 RAJAT GUPTA: You know, do you, do you really feel in the gut that given
36 everything it's a good thing to do?
37
38 RAJ RAJARATNAM: I think so. I think if you do it in a way, (Sniffles) see right now I
39 think everybody expects you to spend 100 percent of your time
40 other than charity on NSR, right? You know.
41
42 RAJAT GUPTA: That should not, a full...
43

1 RAJ RAJARATNAM: Or 40 percent or 50 percent.
2
3 RAJAT GUPTA: (UI) 40.
4
5 RAJ RAJARATNAM: And I think you have to just kill that right away. Right?
6
7 RAJAT GUPTA: Yeah.
8
9 RAJ RAJARATNAM: And say that your value added is not to do cash flows and not to,
10 you know, (Clears throat) that your value added is to bring people
11 together, deals together, at the right time make the call, introduce
12 people so on and so forth. You know like the old merchant
13 bankers use to do, you know?
14
15 RAJAT GUPTA: And that's, that's, that's exactly what I've been doing.
16
17 RAJ RAJARATNAM: And that is, that is, yeah.
18
19 RAJAT GUPTA: Yeah.
20
21 RAJ RAJARATNAM: And that's what the, if anybody complains that you're not
22 spending one day or two days or you promised that then they are
23 not understanding your value. Right?
24
25 RAJAT GUPTA: No. No. Correct and I told Parag I said Parag, if you can point to
26 anything you would like me to do for NSR that I'm not doing,
27 please say, do that, you know?
28
29 RAJ RAJARATNAM: Yeah. So I think, I think you're instrumental in uh, architecting
30 this NSR in raising capital.
31
32 RAJAT GUPTA: Yeah.
33
34 RAJ RAJARATNAM: And in giving it huge credibility in India.
35
36 RAJAT GUPTA: Uh-hum.
37
38 RAJ RAJARATNAM: Huge credibility.
39
40 RAJAT GUPTA: Yeah.
41
42 RAJ RAJARATNAM: In fact, giving part, and that is worth a lot, right?
43

1 RAJAT GUPTA: Yeah. Yeah.
2
3 RAJ RAJARATNAM: (Clears throat) But I think you should not be boxed into NSR.
4
5 RAJAT GUPTA: No. No. I'm not. I'm not. So...
6
7 RAJ RAJARATNAM: (UI).
8
9 RAJAT GUPTA: I think that the condition is, I, I have had that discussion with
10 Parag. I said, "Look, you know, uh, firstly you know I don't buy
11 any of that and I'm gonna do what I'm good at. I'm not gonna do
12 other stuff.
13
14 RAJ RAJARATNAM: Right.
15
16 RAJAT GUPTA: And that'll be of immense value.
17
18 RAJ RAJARATNAM: Yeah.
19
20 RAJAT GUPTA: And by the way, who are you to say anything because you said
21 you were gonna spend (Chuckles) 180 days in (UI) India."
22
23 RAJ RAJARATNAM: (UI).
24
25 RAJAT GUPTA: You've hardly done that and are doing three other things. So
26 Parag...
27
28 RAJ RAJARATNAM: Let's see, yeah.
29
30 RAJAT GUPTA: ...you know, he automatically just shut up after that. He never said
31 anything else.
32
33 RAJ RAJARATNAM: So I think that you table that first, right?
34
35 RAJAT GUPTA: Yeah. That's done. That's that.
36
37 RAJ RAJARATNAM: The second thing I think is you create a platform called whatever,
38 right? (UI).
39
40 RAJAT GUPTA: In a way, it, it... In a way that's also there, I mean.
41
42 RAJ RAJARATNAM: Yeah.
43

1 RAJAT GUPTA: It's a portfolio of, of, I mean.
2
3 RAJ RAJARATNAM: A portfolio things that you enjoy doing and you want to do and
4 that you, you can add value at, right?
5
6 RAJAT GUPTA: Yeah.
7
8 RAJ RAJARATNAM: So Galleon International can be one....
9
10 RAJAT GUPTA: By the way, on that I want you to keep, us to keep having the
11 dialogue as to what...
12
13 RAJ RAJARATNAM: Yeah.
14
15 RAJAT GUPTA: ...you know how I can be helpful in Galleon International. By the
16 way not Galleon International, Galleon Group. I mean you've
17 given me...
18
19 RAJ RAJARATNAM: Galleon Group, right.
20
21 RAJAT GUPTA: ...a position in Galleon International. That's good enough. I, I...
22
23 RAJ RAJARATNAM: Yeah, but you know what, I, I am now at the point where I, in the
24 last couple of years, I'm building, right?
25
26 RAJAT GUPTA: Yeah.
27
28 RAJ RAJARATNAM: Rather than just making returns, just and not building, right?
29
30 RAJAT GUPTA: Right. Right. (UI).
31
32 RAJ RAJARATNAM: So I'm putting the structure in place and all of that, right? So we
33 will build this into a ten billion dollar company, hopefully by the
34 end of 2009.
35
36 RAJAT GUPTA: Yes. Yes you will.
37
38 RAJ RAJARATNAM: You know?
39
40 RAJAT GUPTA: Yeah. Yeah.
41
42 RAJ RAJARATNAM: And so that's sort of the goal, right?
43

1 RAJAT GUPTA: Yeah. Yeah. Yeah. Yeah.
2
3 RAJ RAJARATNAM: And so I, my goal, what I told people was 2010 we enter with 10
4 billion.
5
6 RAJAT GUPTA: Right. Right. And there you know, I do want to, I, I, I, will now
7 next week, I'll, I mean I've been having periodic meetings with
8 these guys.
9
10 RAJ RAJARATNAM: Right.
11
12 RAJAT GUPTA: On the fund-raising side and I'll continue to do that and, you
13 know, they pulled me in but I'm, you know, please keep telling
14 them, they, they should pull me in wherever they think I can add
15 value and, you know?
16
17 RAJ RAJARATNAM: Yeah. And I think yeah...
18
19 RAJAT GUPTA: And you should do the feel the same. Any meeting you want me
20 you know come...
21
22 RAJ RAJARATNAM: Right.
23
24 RAJAT GUPTA: Not come..
25
26 RAJ RAJARATNAM: So, so that thing. So I think you know, having a portfolio of
27 opportunities, right? To really leverage your, you know,
28 experience, is the right way to do it, right?
29
30 RAJAT GUPTA: Uh-hum.
31
32 RAJ RAJARATNAM: And even this AT&T thing, right?
33
34 RAJAT GUPTA: Yeah.
35
36 RAJ RAJARATNAM: You can easily recruit the top notch guy a Parag equivalent right?
37
38 RAJAT GUPTA: Yes. Yes.
39
40 RAJ RAJARATNAM: And give him 30 percent of the economic or 35% (UI).
41
42 RAJAT GUPTA: Yes absolutely. Absolutely.
43

1 RAJ RAJARATNAM: And tell Parag look, this is my contact, right?
2
3 RAJAT GUPTA: Yeah.
4
5 RAJ RAJARATNAM: They are doing it because of that.
6
7 RAJAT GUPTA: Oh he knows that. He knows that and he acknowledges that. I
8 mean this won't happen without, you know?
9
10 RAJ RAJARATNAM: And then for me to execute this properly, right?
11
12 RAJAT GUPTA: Yeah.
13
14 RAJ RAJARATNAM: I will. I'm, I'm gonna recruit somebody. I don't know who it is,
15 but you know you recruit somebody really good.
16
17 RAJAT GUPTA: I already told that to him.
18
19 RAJ RAJARATNAM: O.K.
20
21 RAJAT GUPTA: That's' already...
22
23 RAJ RAJARATNAM: And that you, you know, might or might not use NSR's people on
24 the ground because this guy also might say look I don't think
25 Vivek is the right guy. I might need my own guy, you know?
26
27 RAJAT GUPTA: Vivek is not the right guy. Yeah.
28
29 RAJ RAJARATNAM: Right, for Telecom, right?
30
31 RAJAT GUPTA: Yeah.
32
33 RAJ RAJARATNAM: So he might create this way, right?
34
35 RAJAT GUPTA: (UI) yeah. Yeah. Yeah.
36
37 RAJ RAJARATNAM: He might craft it this way, right? (Sniffles)
38
39 RAJAT GUPTA: Yeah.
40
41 RAJ RAJARATNAM: And you say, you know, that, I mean just because Parag came to a
42 meeting or two at AT&T doesn't mean that , you know?
43

1 RAJAT GUPTA: Well he didn't come in. It was a phone call. I have done all the
2 meetings.
3
4 RAJ RAJARATNAM: Meetings, yeah. So I think you do that and you get somebody that
5 you enjoy working with.
6
7 RAJAT GUPTA: Yeah. Yeah.
8
9 RAJ RAJARATNAM: Like today (Cough) I got a call from a guy called Varun Bery.
10
11 RAJAT GUPTA: Oh I know Varun very well. A former McKinsey guy.
12
13 RAJ RAJARATNAM: (Cough) O.K. He called me and he said there's this Singtel deal,
14 right?
15
16 RAJAT GUPTA: Yeah.
17
18 RAJ RAJARATNAM: That we were looking at and whether I'd be interested and I said
19 look, I'm not doing private equity but uh, talk to Parag, you
20 know? And he said I've been trying to get a hold of Parag and you
21 know, I could just send him an e-mail, right?
22
23 RAJAT GUPTA: Yeah.
24
25 RAJ RAJARATNAM: He was only here for, and apparently he's running like a 700
26 million dollar Asia fund or something, you know?
27
28 RAJAT GUPTA: Right. Correct. Correct
29
30 RAJ RAJARATNAM: Based on, based on India in, in, in India or?
31
32 RAJAT GUPTA: Telecom. It's a Telecom fund. I'm actually an investor in that
33 fund.
34
35 RAJ RAJARATNAM: O.K. He's running a Telecom fund, so maybe then they're exiting
36 this invest something, right?
37
38 RAJAT GUPTA: Yeah. O.K.
39
40 RAJ RAJARATNAM: But you know, they are people (Coughs) I, I, don't, I, remember
41 meeting him because he seemed very familiar with me and, "Hello
42 Raj. How are you?" And I just couldn't put a face to a...
43

1 RAJAT GUPTA: Yeah (Laughs).
2
3 RAJ RAJARATNAM: ...name (Chuckles) so you know, I chatted like I knew him, right?
4
5 RAJAT GUPTA: Yeah. Yeah.
6
7 RAJ RAJARATNAM: But he is only here for two days.
8
9 RAJAT GUPTA: Yeah. Yeah.
10
11 RAJ RAJARATNAM: Today and tomorrow, but there are people like that, that if you
12 give em 25, 30 percent of the economics
13
14 RAJAT GUPTA: No. It'll be... Yeah. It'll be...
15
16 RAJ RAJARATNAM: See, you know, Rajat how I built a firm, was I kept 50 percent of
17 the profits.
18
19 RAJAT GUPTA: Yeah.
20
21 RAJ RAJARATNAM: For my, you know, talking to investors and to uh, you know,
22 building the thing and being the resident shrink and all of that
23 stuff, right?
24
25 RAJAT GUPTA: Yeah.
26
27 RAJ RAJARATNAM: And I gave 50 percent away.
28
29 RAJAT GUPTA: Yeah. Yeah (UI).
30
31 RAJ RAJARATNAM: And then, but I kept the equity, myself.
32
33 RAJAT GUPTA: Yeah.
34
35 RAJ RAJARATNAM: And then when the firm got to the point where I needed to give
36 equity, I gave equity.
37
38 RAJAT GUPTA: Yeah. Yeah. Yeah.
39
40 RAJ RAJARATNAM: You know? And so that model, and that's how I got reasonably
41 wealthy because in the early stages (Clears throat) you know, you,
42 you build and then your capital grows for you, see.
43

1 RAJAT GUPTA: No. No. No. That's fine. That's fine.
2
3 RAJ RAJARATNAM: I think the model of, you know, giving away half to the team, is...
4
5 RAJAT GUPTA: Right.
6
7 RAJ RAJARATNAM: ...you know, if Shaukat raises money he is gonna give half the
8 incentive fee to his team.
9
10 RAJAT GUPTA: Uh-hum.
11
12 RAJ RAJARATNAM: You know?
13
14 RAJAT GUPTA: Uh-hum. Yeah
15
16 RAJ RAJARATNAM: And you do that. Right?
17
18 RAJAT GUPTA: Yeah.
19
20 RAJ RAJARATNAM: And don't give any e, equity right now.
21
22 RAJAT GUPTA: Yeah.
23
24 RAJ RAJARATNAM: Right? At some point if you think you need to give equity, you
25 give equity. You know?
26
27 RAJAT GUPTA: Uh-hum.
28
29 RAJ RAJARATNAM: Because I tell you what everybody forgets. The first fund is the
30 toughest to raise.
31
32 RAJAT GUPTA: Uh-hum.
33
34 RAJ RAJARATNAM: The first Telecom fund is the toughest to raise.
35
36 RAJAT GUPTA: Uh-hum.
37
38 RAJ RAJARATNAM: To get the first anchor investor...
39
40 RAJAT GUPTA: Uh-hum.
41
42 RAJ RAJARATNAM: ...is the toughest.
43

1 RAJAT GUPTA: Uh-hum.
2
3 RAJ RAJARATNAM: Once you get that and you get the first fund going...
4
5 RAJAT GUPTA: Uh-hum. Hm-hm.
6
7 RAJ RAJARATNAM: ...then based on a few Wall Street stories you can raise...
8
9 RAJAT GUPTA: Yeah. Yeah.
10
11 RAJ RAJARATNAM: A lot of people won't even look at first time funds.
12
13 RAJAT GUPTA: Yeah. No. That's right. That's right. So, you know going back to,
14 I mean that is kind of the set up that I have. I, I do agree that I've
15 been kind of you know, naturally on private equity stuff, reaching
16 out to NSR but I have already told Parag that I wanted this
17 Telecom fund to be separate. So, um, you know, I have to, I have
18 to, go and...
19
20 RAJ RAJARATNAM: You just have to find one good guy who can build it for you.
21
22 RAJAT GUPTA: Yeah. Right.
23
24 RAJ RAJARATNAM: And once you get one good guy, you know, whether it is Ramesh
25 (PH) or whoever, right?
26
27 RAJAT GUPTA: Yeah.
28
29 RAJ RAJARATNAM: Who knows Telecom and who is willing to work with you.
30
31 RAJAT GUPTA: Yeah.
32
33 RAJ RAJARATNAM: Now you'll find that you know Anil will put his hand up for some
34 equity in that (Chuckles) and (UI)...
35
36 RAJAT GUPTA: I'm sure he... Yeah. Yeah.
37
38 RAJ RAJARATNAM: You know, and that I mean, (Clears throat) I mean I don't think he
39 needs any, but, you know, that's your call.
40
41 RAJAT GUPTA: Yeah. Yeah. I mean you know, uh, ah, that's, that's a minor point.
42 I mean, I'm, I'm not... I mean, I'm even fine with it, but, um, but
43 here is the KKR advice so...

1
2 RAJ RAJARATNAM: And the KKR I would do it in a heartbeat.
3
4 RAJAT GUPTA: O.K.
5
6 RAJ RAJARATNAM: You know. Again, again not, you know I think institutionally (UI).
7
8 RAJAT GUPTA: But Anil is a funny guy I must tell you. (UI).
9
10 RAJ RAJARATNAM: (UI).
11
12 RAJAT GUPTA: That Sunday I met, he just told me Raj thinks you should not do
13 KKR, you know? You know, he thinks...
14
15 RAJ RAJARATNAM: What?
16
17 RAJAT GUPTA: Yes. (Chuckles) Yeah.
18
19 RAJ RAJARATNAM: No, No. What I did tell him was I said look, these guys are not...
20 They're very sharp, Jewish tough guys.
21
22 RAJAT GUPTA: Of course. Of course.
23
24 RAJ RAJARATNAM: But if you define the role.
25
26 RAJAT GUPTA: Yeah.
27
28 RAJ RAJARATNAM: And it's institutional building and it's contacts.
29
30 RAJAT GUPTA: Yeah. Yeah.
31
32 RAJ RAJARATNAM: And you know things like that. O.K.? Look, if you go with the
33 head of KKR in Asia to meet Anil Ambani (PH).
34
35 RAJAT GUPTA: Yeah.
36
37 RAJ RAJARATNAM: Or to meet Sunil Mittal (PH).
38
39 RAJAT GUPTA: Yeah.
40
41 RAJ RAJARATNAM: Or to meet the uh...
42
43 RAJAT GUPTA: It's a completely different meeting.

1
2 RAJ RAJARATNAM: Ruia's right?
3
4 RAJAT GUPTA: Yeah.
5
6 RAJ RAJARATNAM: Ruia's. It's a completely different access that they have.
7
8 RAJAT GUPTA: Yeah.
9
10 RAJ RAJARATNAM: You know? Than if the just they have to go and compete with
11 Blackstone and TPG and Carlyle and all that, right?
12
13 RAJAT GUPTA: (UI).
14
15 RAJ RAJARATNAM: And that's really what you, you know, he told me that you
16 shouldn't do it. Right?
17
18 RAJAT GUPTA: (Laughs)
19
20 RAJ RAJARATNAM: And I said that look, these guys are, they are tough Jewish guys.
21
22 RAJAT GUPTA: Yeah. They are. They are.
23
24 RAJ RAJARATNAM: But depending on the role, you should do it.
25
26 RAJAT GUPTA: Yeah.
27
28 RAJ RAJARATNAM: You know, and segment it. What I did tell him was you should be
29 like Wolfensohn, you know? Look. Wolfensohn gets 10 million
30 dollars a year from Citicorp he told me.
31
32 RAJAT GUPTA: Yeah. Yeah.
33
34 RAJ RAJARATNAM: Just to be on the international advisory committee.
35
36 RAJAT GUPTA: Yeah.
37
38 RAJ RAJARATNAM: Right? Then he gets 10 million dollars from some Russian thing,
39 right?
40
41 RAJAT GUPTA: Yeah.
42
43 RAJ RAJARATNAM: So you got 20 million dollars and I don't think he does much, you

1 know?
2
3 RAJAT GUPTA: Yeah.
4
5 RAJ RAJARATNAM: It's access and you know.
6
7 RAJAT GUPTA: Yeah. Yeah. Yeah.
8
9 RAJ RAJARATNAM: Things like that.
10
11 RAJAT GUPTA: Yeah. So you know, uh, so I think what they are having difficulty
12 is in calibrating what they should pay me. Uh, they are so, you
13 know, Henry's saying the floor. He wants to set a floor.
14
15 RAJ RAJARATNAM: Right.
16
17 RAJAT GUPTA: And then he wants to say uh, you know, trust me. We'll take a
18 look at, because you, we don't know where you'll, would be. You
19 know you could be contributing in many different ways. Uh.
20
21 RAJ RAJARATNAM: Right.
22
23 RAJAT GUPTA: And in fact, actually, a lot of it could be bigger outside. For
24 example I just joined this Sberbank, right? The Russian bank.
25
26 RAJ RAJARATNAM: Right. Right.
27
28 RAJAT GUPTA: They're going into a partnership with uh, uh, Credit Suisse,
29 private equity in Russia.
30
31 RAJ RAJARATNAM: Yeah.
32
33 RAJAT GUPTA: They are in the best position for private equity in Russia, right?
34
35 RAJ RAJARATNAM: Yeah
36
37 RAJAT GUPTA: They are the largest bank. They have all the banking relationships
38 with all the enterprises there.
39
40 RAJ RAJARATNAM: Uh-hum.
41
42 RAJAT GUPTA: So on and so forth, so...
43

1 RAJ RAJARATNAM: Right.

2

3 RAJAT GUPTA: So, you know, uh, I told Sparebank, I was having a meeting with
4 the CEO in London last week and I said, "You know, have you
5 talked to people like KKR?" Why don't you, you know, why,
6 Credit Suisse is, you know they, they, they, talk to one of the best
7 because you would be one of the most attractive partner in Russia.
8

9 RAJ RAJARATNAM: Right.

10

11 RAJAT GUPTA: So, he said well, we talked to, they had talked at some lower level
12 you know and KKR was kind of, you know, lukewarm and they
13 didn't understand what Sparebank was or any of it, so...
14

15 RAJ RAJARATNAM: Right.

16

17 RAJAT GUPTA: So anyway I, so I, uh, so he said, you know if you think so, you
18 know I'd be happy to open up the discussion with KKR and...
19

20 RAJ RAJARATNAM: That's a huge uh...

21

22 RAJAT GUPTA: That's kind of... It, it, could be many things right? So anyways, so
23 here's what he said, he said the contribution can come in many
24 ways, and I will be able to see. So let me define a floor, and then
25 it could be twice that. Three times that. Four times that.
26

27 RAJ RAJARATNAM: Right.

28

29 RAJAT GUPTA: Uh, and the floor he is defining is, to give uh, uh quarter of a
30 percent of uh, their earnings.
31

32 RAJ RAJARATNAM: Uh-hum.

33

34 RAJAT GUPTA: Well, their earnings were last year a billion dollars.
35

36 RAJ RAJARATNAM: Right.

37

38 RAJAT GUPTA: Uh, this would be in cash.
39

40 RAJ RAJARATNAM: Uh-hum.

41

42 RAJAT GUPTA: So uh...
43

1 RAJ RAJARATNAM: So what's that?
2
3 RAJAT GUPTA: Hm?
4
5 RAJ RAJARATNAM: So a quarter of a percent is 25 million or two and a half?
6
7 RAJAT GUPTA: Two, two and half. Cash.
8
9 RAJ RAJARATNAM: Uh-hum.
10
11 RAJAT GUPTA: Uh, and it could be five, six hundred instead of a billion. Last year
12 was a, a very good year, you can't expect, you know.
13
14 RAJ RAJARATNAM: Yeah.
15
16 RAJAT GUPTA: And, and he said this is what they do in partners. They give a
17 percentage and that's what everybody, you know, wherever it
18 comes from. Doesn't matter. The entire firm. They have only one
19 kind of pool, like that.
20
21 RAJ RAJARATNAM: Right.
22
23 RAJAT GUPTA: And then he said, quarter of a percent of all the, um, all the um,
24 carry.
25
26 RAJ RAJARATNAM: Uh-hum.
27
28 RAJAT GUPTA: So typically, uh, depends upon on how much they invest. So,
29 whatever they invest in the year, you get the carry going forward.
30
31 RAJ RAJARATNAM: Right.
32
33 RAJAT GUPTA: And, so, typically they've been investing six to eight billion
34 dollars a year.
35
36 RAJ RAJARATNAM: Wow. Hm.
37
38 RAJAT GUPTA: So, you take the six billion. That's uh, three million in carry.
39
40 RAJ RAJARATNAM: Uh-hum.
41
42 RAJAT GUPTA: Uh, because that's 120, uh, six billion will create 1.2 billion of
43 carry.

1
2 RAJ RAJARATNAM: Right.
3
4 RAJAT GUPTA: And, a quarter of a percent of that is three million.
5
6 RAJ RAJARATNAM: Right.
7
8 RAJAT GUPTA: Uh, and then he said I'll give you ten million dollars of stock.
9
10 RAJ RAJARATNAM: Uh-hum.
11
12 RAJAT GUPTA: Which will be a grant.
13
14 RAJ RAJARATNAM: Uh-hum.
15
16 RAJAT GUPTA: Uh, vested over four years.
17
18 RAJ RAJARATNAM: Right.
19
20 RAJAT GUPTA: So, (UI).
21
22 RAJ RAJARATNAM: So, the net present value is about five million a year or so.
23
24 RAJAT GUPTA: Five million a year or so.
25
26 RAJ RAJARATNAM: Yeah.
27
28 RAJAT GUPTA: So he said this is the floor, and...
29
30 RAJ RAJARATNAM: Right.
31
32 RAJAT GUPTA: You know, it could be um...
33
34 RAJ RAJARATNAM: (Clears throat)
35
36 RAJAT GUPTA: ...three times that, four times that, he said, you know, partners
37 make about eight times that.
38
39 RAJ RAJARATNAM: Uh-hum.
40
41 RAJAT GUPTA: They are full time there (UI) and so on, so...
42
43 RAJ RAJARATNAM: Right.

1
2 RAJAT GUPTA: That's the best performing partners.
3
4 RAJ RAJARATNAM: Uh-hum.
5
6 RAJAT GUPTA: He has, you know, the, the (UI)
7
8 [CALL MINIMIZED]
9
10 RAJ RAJARATNAM: You know, but you're spending a fair amount of time doing
11 charity.
12
13 RAJAT GUPTA: Yeah. (UI).
14
15 RAJ RAJARATNAM: And, you know, and talk about the Gates Foundation and all that
16 because, you know.
17
18 RAJAT GUPTA: Yeah.
19
20 RAJ RAJARATNAM: He would love to meet with Bill Gates and, you know?
21
22 RAJAT GUPTA: Yeah. Yeah. Yeah.
23
24 RAJ RAJARATNAM: Things like that, and...
25
26 RAJAT GUPTA: Yeah, O.K. But you, you, you're, you're, you don't think it's...
27
28 RAJ RAJARATNAM: (Coughs)
29
30 RAJAT GUPTA: Uh, eh, you know, at some point, it doesn't matter what the level
31 is. You just want to be treated equitably, right? I mean fairly...
32
33 RAJ RAJARATNAM: Yeah. I think that's the right thing. You have to be, you want to be
34 treated equitably and you want to be with firms that...
35
36 [CALL MINIMIZED]
37
38 [END OF CALL]

